

# **2003 First Quarter Progress Report**

GBTI Task Order No. 845

January 1 – March 31, 2003



*Privatization Implementation Project  
With the Government of Egypt*

Implemented by IBM Business Consulting Services  
Funded by USAID

*This request is submitted by IBM Business Consulting Services (IBM), successor-in-interest to the business and operations of PwC Consulting, formerly a business unit of PricewaterhouseCoopers LLP. Novation of this contract to IBM is pending.*

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## INTRODUCTION

The purpose of this document is to report activities and progress towards achieving benchmarks as required by Section 1.4 of GBTI Task Order 845. The Privatization Implementation Project (PIP) for the Government of Egypt is a follow-on activity to the Privatization Implementation Project that began July 1, 2000 and terminated September 30, 2002, which was also implemented by IBM. The current PIP began on October 1, 2002 and continues through April 30, 2004 as extended by option exercised effective April 1, 2003.

The following provides details on the activities by tasks to include past and future actions and a summary of activities by task; the progress toward reaching the benchmarks and the goals for the next two quarters; a list of the deliverables during the quarter; and a list of team members and tasks assigned.

## TASKS

Below is a summary of the activities performed under each of the four tasks in the Task Order Statement of Work: (1) transaction support; (2) general policy and advisory assistance; (3) public awareness, political advocacy, and constituency support; and (4) monitoring and reporting on public enterprises and privatization. These activities represent a summary of the project's efforts during the first quarter of 2003 towards successfully achieving the benchmarks required by 31 March 2003 as established in the Task Order.

### **Tasks One and Two: Transaction Support, and General Policy and Advisory Support**

During the first quarter events in the Middle East, especially Iraq, clearly impeded the privatization program's progress to complete transactions, particularly during March when hostilities began. A marketing effort previously arranged for Bahrain, Abu Dhabi and Dubai was postponed, as were local meetings arranged with the Bombay Industries Association (an Indian delegation) and the Egyptian Businessmen's Association. During the first quarter 2003, PIP provided specific transaction support relating to privatizing eleven companies – refer to Figure 1 and Figure 2 for more details below.

#### **Highlights – Tasks One and Two**

Eight companies identified for privatization by capitalization.

*Next quarter:* Tender two Law 203 companies for new capital issue

8 JV interests selected and approved for privatization.

PIP also provides general policy and advice to support the Government of Egypt's (GOE) privatization program. This task is intended to strengthen the decision-making process and to promote market-based valuation and privatization criteria and has been lead by a short-term US expatriate specialist in privatization policy. The activities of Task One and Task Two are closely associated and often overlap. Thus these activities are described together in this report.

**Alexandria Refractories.** Work continued to completion of a draft of the valuation for Alexandria Refractories, which was submitted to the Metallurgical Industries Holding Company for review. Based on a revised approach to valuations by PIP, this valuation was undertaken as a cooperative effort to assist the Holding Company in the development of its valuation - rather than as a third-party independent valuation. Thus, PIP's contribution was advisory rather than as a principal providing an independent product.

**Privatization by New Share Issues.** PIP prepared and submitted to the PEO drafts of detailed company profiles for eight companies identified for so-called "privatization by capitalization".

#### Highlights – Task One

Alexandria Refractories valuation completed and submitted.

Researched company profiles completed for businesses selected for "privatization by capitalization"

Next quarter – one transaction anticipated to close estimated at LE 50 million.

Privatization by capitalization is an effort to privatize through newly issued shares as contrasted with outright sale of a company's outstanding shares. Using this technique, a private investor can attain control of a company, and funds (less transaction costs) will be invested in the issuing company's operations for expansion and modernization, rather than flowing to owners and other government entities, e.g. the Ministry of Finance. The privatization of companies by issuing new shares has been the PEO's major focus during the first quarter of 2003. As required in the Task Order, this assistance was carried out under approvals by the CTO and the PEO.

PIP also obtained and submitted a list of potential Egyptian investors for the eight companies identified for privatization by capitalization.

**Publication of Reserve Prices.** Earlier, the Cabinet approved a pricing formula based on adjusted book value ("formula") for issuing new shares under the privatization by capitalization program. For the first time in the privatization program, prices would be set (using the formula) and during this quarter the PEO indicated that the formula would be publicized. Although announcing a formula for pricing in this way isn't equivalent to announcing price, it is a step in the right direction.

The public announcement of price is an improvement that PIP has recommended to the PEO and is working to implement across the board. The PEO has indicated that it agrees with PIP that the change would be an improvement. PIP is surveying existing legal statutes to assure that such a procedure complies with law. (During April 2003, PIP obtained a legal opinion that publicity for Law 203 affiliates and JVs is not prohibited by law, although as a business practice Law 203 holding companies may have rules, which prohibit publication.)

The key to success for selling new shares using the pricing formula for newly issued shares is that the resulting price must be *below* current market at the time of issue. However, in three cases the MPE determined that the formula would result in prices too far below market; consequently, the MPE decided that the formula would not be employed in these three cases leaving the formula to be employed with the five remaining companies.

For the eight companies selected for privatization by capitalization, the PEO has recommended that offers for *existing* shares will also be considered. Sales of *existing* shares currently require reserve prices reviewed by the Central Audit Agency. There appears to be an expectation that the Cabinet would approve reserve prices thereby accelerating the selling process.

***Thirty-three Joint Venture Interests to be Privatized.*** The High Ministerial Committee selected interests in thirty-three Law 159 joint venture companies (JVs) to be privatized. Many of these interests constitute a majority of shares. PIP is assisting the PEO to obtain information, prioritize these interests in terms of potential impact on privatization as well as likelihood of sale and to develop one-page descriptions for dissemination to potential investors.

Many of the companies represented are traded in the stock market. Because these interests are joint venture interests the process for selling by the owners is somewhat easier than Law 203 companies.

PIP also engaged in numerous activities providing general transaction support to the Public Enterprise Office (PEO), Law 203 holding companies (HCs), and the joint venture (JV) shareholders in their efforts to privatize, including:

During the quarter, PIP participated in more than forty meetings with the HCs and PEO, initially to accept and select IPs based on technical merit, then opening financial bids and ranking overall offers, followed by negotiations with the IPs. By the end of the quarter, all but one of the seven investment promoters had been selected and agreements reached. The eighth investment promoter was retained on April 9.

***Significance of Trade Agreements on Public Enterprises.***

At the request of the PEO, PIP recommended a study to be undertaken by IBM to assess the potential impacts of various trade agreements on specific public enterprises, specifically the eight companies identified for privatization-by-capitalization. In recent meetings with the PEO, the PEO indicated that it would prefer to pursue the possibility of carrying out this study within its own organization. Consequently, the feasibility of PIP performing Task 2.5 in the Statement of Work should be reviewed and probably amended.

**Highlights – Tasks One and Two**

PIP assisted in the selection of eight investment promoters. By quarter-end, seven investment promoters had been selected and retained.

*Next quarter* – eight agreements with investment promoters signed and work well under way.

**Highlights – Tasks One and Two**

The High Ministerial Committee selected thirty-three joint venture interests to be sold.

*Next quarter* – Tender one JV under MPE authority.

**Figure 1:** Status of companies approved for specific transaction assistance

Ref	Company Name	Activity from	Activity to	Months with activity	Status
1	Cairo Far East Bank	Oct-00	Dec-02	27	Banque du Caire has decided not to sell this bank under current conditions, i.e. adverse market conditions and provisions of draft banking law, which would require a substantial increase in capital.
2	Alexandria Refractory	Jul-02	Mar-03	9	The HC for Metallurgical Industries requested a valuation and information memo for the company. During quarter, PIP completed a draft valuation report and is updating a company profile.
3	Misr Iran Spinning & Weaving ("Miratex")	Jan-02	Mar-03	15	Both the Egyptian and Iranian shareholders are willing to sell their shares. PIP has updated the valuation and information memorandum. PIP has prepared the company's fact sheet, diagnostic report, company profile, info memo, valuation report, and part of the data room.
4	NEEASAE	Jan-03	Mar-03	3	Profile complete and investment promoter retained
5	NARUBIN	Jan-03	Mar-03	3	Profile complete and investment promoter retained
6	Car Engineering	Jan-03	Mar-03	3	Profile complete and investment promoter retained
7	Kom Hamada	Jan-03	Mar-03	3	Profile complete and investment promoter retained
8	El Mahmodeya	Jan-03	Mar-03	3	Profile complete and investment promoter retained
9	EDFINA	Jan-03	Mar-03	3	Profile complete and investment promoter retained
10	SEMAF	Jan-03	Mar-03	3	Profile complete and investment promoter retained
11	Dyestuffs	Jan-03	Mar-03	3	Profile complete and investment promoter retained

**Figure 2:** Transactions completed ending March 31, 2003

During the first quarter 2003 there were two asset sales completed (the floating hotels Isis and Osiris) totaling LE 16.5 million. This transaction along with those during the period between task orders and the six-month period ending 31 March 2003, include three asset sales, a company sale, a lease with purchase obligation and one liquidation. For the purposes of this report, we included five transactions for a total compensation of LE 331.7 million (LE 340.2 million – LE 8.5 million).

Type	Company Name	Method	Buyer	Date	Value LE million
Law 203	Cairo Metallurgical Products – Shobra Armenian Factory	PA	Alexandria Investment Co.	Jun-02	8.5
Law 203	Alex Cooling	Liquidation	-	Aug-02	33.0
Law 203	National Plastic Company – liquid batteries factory	PA	United Batteries Co.	Nov-02	1.2

Type	Company Name	Method	Buyer	Date	Value LE million
Law 203	National Plastic Company – bags factory	Lease with purchase	-	Nov-02	2.0
JV	Gezira Sheraton Hotel*	Shares	ACCOR Co.	Nov-02	279.0
Law 203	EGOTH Assets: Isis and Osiris	PA	Saudi investor	Mar-03	16.5
<b>TOTAL</b>					<b>340.2</b>

\* Previously reported estimate value of Gerzira Hotel transaction increased by LE 97.7 million as a result of obtaining more information. Before the update, the transaction was reported as LE 181.3 million.

PA = Purchased Asset

PIP also provided limited advice to the Ministry of Industry and Technology (MIT) relating to the Abu Tartur Phosphate Project. For Abu Tartur, having developed a project profile, provided advice and assistance in preparing a detailed information memorandum, PIP advised on promotion strategy and as of February 6, 2003 terminated work for MIT as instructed by USAID.

**Information Management System/Database.** PIP is assisting the PEO to improve its current practice of data collection and management of information. Currently, the PEO uses a series of MS Excel spreadsheets to manage information and create reports and would like to develop a more flexible and adaptive system, such as employing MS Access and other SQL applications. In addition to assisting in the development of an application system, PIP is negotiating with a local company to provide training for PEO staff on data entry as well as application building and maintenance – the audience and course names to be delivered are as follows:

Audience	Course Name
<b>Using Access Basic Level</b>	Using Microsoft Access XP
<b>Advanced User Training</b>	Advanced Microsoft Access XP and MS SQL Query
<b>Professional Staff Training</b>	HTML Pages & Forms, Java Script, Visual Interdev & ASP, MS SQL Query, Developing with MS-SQL 2000, Administering a MS SQL Server Database, IIS Server, ISA Server, and Exchange Server 2000

**Strengthening the privatization decision-making process and enhance transparency.** PIP provided advisory support to the HCs in their efforts to for selecting and contracting with local investment promoters (IPs) for the divestiture of HC affiliates with respect to strategy, development of terms of reference and pro forma contract, bid selection criteria, and process for evaluating bids.

**Highlights – Tasks One and Two**  
Privatization by Capitalization  
 technique approved by Cabinet to include valuation at adjusted book value and including debt resolution

**Feasibility Analyses for Companies Identified for Privatization-by-Capitalization.** As part of on-going support to the PEO, PIP also provided considerable assistance relating to the conceptual underpinning of privatization by capitalization.

As currently conceived, “privatization by capitalization” relies on adjusted balance sheet calculations to derive nominal share prices that will be fixed in a tender. The adjustments



– principally land revaluations, debt reductions, and current asset adjustments – are being undertaken to bring book values that are often negative for these distressed companies to at least the level of paid-in capital. There is no a priori reason to believe that such book value calculations will produce share prices that are acceptable to investors seeking cash flows yielding an adequate return on investment or will generate new capital that corresponds to the needs of the enterprise. However, carefully crafted and negotiated balance sheet structures could result in attractive investment opportunities, assuming there is flexibility on the part of the PEO and Holding Companies in this regard. PIP undertook extensive analysis to test the sensitivity of the formula employed by the GOE for new share issues for these companies on a company-by-company basis. For each of the eight companies selected for privatization by capitalization, PIP prepared financial models based on histories and future prospects obtained from the companies, the HCs and in some cases its own resources, particularly for two textile companies. After completing this work, PIP conducted reviews with the PEO providing an analysis of each company's opportunities and related capital requirements on which to base a strategy for promoting the sale of new shares. Reviews with each of the HCs were planned to follow, but the PEO subsequently requested that the activity remain between the PEO and PIP only.

A key to the success of the re-capitalization effort for the selected businesses is flexibility in the offering and negotiating process. The PEO has wisely encouraged potential investors to offer alternative structures that fit their own business plans. Thus, based on what the PEO has proposed, there are at least three different offering structures that are available to investors, all of which entail majority or full control: (1) purchase of new shares, (2) purchase of new shares and part of existing shares, and (3) purchase of all existing shares. Furthermore, although perhaps unintended, the pricing formula approved by the cabinet for new shares provides considerable pricing flexibility for the HCs. To our knowledge this is the first time such pricing flexibility has been provided to the HCs without prior review of the Central Audit Agency. The degree to which this flexibility will be exercised will depend on decisions of the HC sellers.

It is also significant that the Ministerial Committee recognizes that in many cases new investment in an affiliate is far more important than the price the holding company receives for its shares. This will be true for most low profitability or money-losing affiliate companies. PIP has been encouraging the PEO to support reserve pricing for under-performing businesses (which the GOE prefers not to liquidate) on the basis of the value of the enterprise to the state, which because of losses is often negative on a discounted cash flow basis.

***Price/earnings Multiples as Basis for Reserve Prices.*** A major policy change relating to these joint venture interests occurred during the first quarter 2003, providing further evidence that the GOE recognizes that the process for establishing realistic reserve prices needs to be improved. Rather than follow time-consuming procedures for discounted cash flow valuations that must be reviewed by the Central Audit Agency (and which are inherently out of date by the time they become effective), the Ministerial Privatization Committee approved establishing reserve prices based on estimating "suitable" price/earnings multiples. The technique will be developed by the MPE and re-submitted to the Committee for approval and implementation. PIP is working with the PEO to

**Highlights – Tasks One and Two**

High Ministerial Committee approved two new reserve-pricing techniques based on formulas, in certain cases eliminating the need for valuations confirmed in advance by the Central Audit Agency.

*Next quarter – Put into practice both new reserve-pricing techniques.*



develop this technique, the usefulness of which will be determined by the degree to which it leads to a *minimum* reasonable current market price.

Last quarter, PIP prepared and submitted a draft paper addressing issues relating to valuation and pricing and containing policy recommendations. Along these lines, a potentially important development relating to overcoming unrealistic pricing impediments is that the High Ministerial Privatization Committee approved selling thirty-three joint venture going-concerns based on a “suitable” pricing formula. The formula will be developed by the MPE and presented to the Committee for approval. PIP is assisting the PEO to develop the conceptual basis for the formula. Nevertheless, there continues a reluctance to sell at prices below original paid-in-capital, regardless of what the prevailing market might dictate. This tendency particularly complicates and impedes the sale of under-performing companies.

PIP has recommended that to maximize results, sellers should rely more on compensated promoters to generate bidding competition and less on reserve prices.

Regardless of the formula developed and employed, the political feasibility of selling in current adverse market circumstances continues to be a challenging issue for the MPE.

PIP also prepared and submitted a paper reviewing the current procedures and arrangements for selecting and retaining investment promoters. The PEO recognizes that the recent experience can be improved upon as a second round of businesses are selected for sale and promotion by private investment promoters.

The PEO has also indicated that the techniques which PIP has employed for assessing the proposed pricing technique for the eight under-performing companies identified for privatization-by-capitalization will be useful for choosing the next group of such companies.

***Debt Resolution for Law 203 Affiliates.*** The MPE has recommended a structure for resolving a significant amount of the debt overhang for Law 203 affiliates. The proposal is being reviewed by the Ministry of Finance and involved state banks. A resolution to this issue could enhance not only the possibilities for sale of the Law 203 affiliates, but also has the potential to improve the financial health of state banks, which would also provide a beneficial step toward privatizing the state-owned banks.

PIP co-sponsored a meeting between the PEO, HC representatives and Polish government privatization representatives to discuss the Polish experience with privatization and compare programs.

#### **Activities planned for the next quarter – Tasks One and Two**

- Continue to assist HCs with their efforts to manage agreements with investment promoters
- Assist promoters by finalizing and publishing company profiles
- Develop sales strategies and continue to develop lists of potential investors
- Develop one-page business summaries for the thirty-three joint venture interests approved for sale by the High Privatization Committee for placing on PEO and PIP websites
- Continue to develop and promote techniques for developing reserve prices that represent minimum reasonable market values, as well as including non-price factors such as commitments to contribute new capital and overall benefits of

privatization. Update and complete draft report on valuation and pricing. This report will be presented to the PEO.

- Propose refinements to the privatization-by-capitalization concept, resolving important valuation concerns. Sound valuation principles to be applied case-by-case to companies being offered for sale by the PEO/HCs according to the privatization-by-capitalization method.
- Assist PEO with financial feasibility models and preliminary analyses for companies designated for privatization-by-capitalization
- Advocate announcing the “total investment package” of privatization transactions, not simply price, but also debt remaining with the enterprise, new capital investment and potential increased tax revenues.
- Quantify the cost of not privatizing, particularly in the cases of weaker candidates
- Continue to review and assess the investment climate and as appropriate initiate road shows in Egypt and the Gulf region
- Follow-up with marketing and promotional efforts with donor agencies, embassies, chambers of commerce (e.g. American, British, French, Indian and Japanese), business associations, and ministries (Agriculture and Tourism)
- Support efforts by the HCs and affiliates by refining and improving promotional documents for the eight companies identified for privatization by capitalization
- Implement the concept to promote companies en masse by sector – a sectoral approach to privatization, with particular attention to the textile sector. The concept is being developed in conjunction with the new issue offer for Kom Hamada and El Mahmodeya textile companies.
- Continue efforts to improve the program and obtain additional funding to engage investment promoters, especially relating to sale of existing shares (as contrasted with sales of new shares relating to privatization by capitalization)
- Promote the creation of an effective investment promotion board for Egypt

### **Task Three: Public Awareness, Political Advocacy, and Constituency Support**

As reported last quarter, PIP designed a public awareness program in consultation with the PEO where the PEO accepted and advocated the importance of the initiative to the MPE who also approved the initiative. The public awareness program has a targeted media and implementation campaign that is based on a proven approach successfully implemented by IBM for the Croatia privatization program.

In response to this success and momentum, PIP initiated a series of activities. During this first quarter of 2003, PIP developed a detailed implementation workplan, held group discussions to gauge the awareness of the privatization in Egypt, selected a media company, and continued to advice on the privatization informative series hosted by AmCham-Egypt.

- **Work Plan.** Developed and presented a detailed workplan to the PEO/MPE during January 2003. The basis of the workplan employs a proven approach to implement targeted messages using seminars/groups, newsprint, television, and radio medias during a period from March to September 2003. [Note that due to the recent events in the Middle East, to-market implementation dates were delayed for one month, e.g., activities planned for May have been rescheduled for June.] The context of messages has a direct relationship to the results of the focus groups, discussions with the PEO, and our understanding of privatization. The workplan was discussed with the PEO and the concepts of the first four messages approved, as listed below.

PIP met with the PEO to discuss samples of ad concepts and ideas of which were well received by the PEO, as well as propose that the project receive access to free broadcasting for radio and television as well as obtain discounted or free print space, which appears to be likely. The PEO received text for the first two messages for comment and approval. .

#### Highlights – Task 3

Public Relations workplan developed, presented, and agreed by PEO to include the first four messages. Steps taken retain a media company to develop the first two messages.

*Next quarter* – Roll out of the first messages and implementation of the journalist seminars

- **Focus Groups.** Conducted focus group discussions to assess perceptions about privatization with various representatives within the Egyptian community to include journalists, HC representatives, the PEO, Members of Parliament, union representatives, and companies that have successfully, as well as not so successfully, privatized. The objective of the focus groups was to gain a more accurate picture of attitudes toward privatization from a cross section of Egyptian society. More specifically, focus groups provide a better understanding of the most common misconceptions, frustrations, and shortcomings to understand privatization. For example, such issues might include a fear of unemployment or a selling of national sovereignty. The focus group approach allowed for a structured, non-threatening forum in which a moderator leads a group through a discussion to elicit opinions and information.

Participants were asked to comment on perceived winners and losers in privatization, areas of greatest public concern and misunderstanding, challenges in communicating positive messages, and recommendations on key areas of needed public education. While the discussions included a healthy debate on the benefits and effective implementation of privatization, there was ample agreement on the most challenging public attitudes facing privatization.

Furthermore, participants generally agreed on the need to improve journalist coverage of privatization. While many felt partisan leanings of some journalists could not be changed, they did believe there was tremendous room for improving basic understanding (and in turn coverage) of the issue.

Based on these discussions, and experiences in implementing other similar public education programs, PIP recommended the following topics be addressed in the first public education phase.

- Introduction: What is the campaign? Why are we talking about privatization? What is privatization and where is the process today in Egypt?

PIP prepared a list and profiles of Egyptian journalists who would be invited to seminars to be conducted in Egypt as well as studies abroad. The names and profiles will be submitted to the PEO for comment during May-2003.

- Economic Reform: Why are economic reforms such as privatization necessary? What are the long-term benefits?
- Job Loss: Will privatization lead to job loss? Why does privatization actually provide greater long-term job security?
- Selling Sovereignty: Is privatization selling our national sovereignty? What are the most important criteria for ownership?

PIP recommended, contingent on additional funding, that additional messages for a more comprehensive educational campaign be considered, including:

- Foreign Investment: What is foreign investment? What are the benefits?
  - Cost to Egyptian Taxpayer: What are the economic costs of continued state owned companies? What could be done with that money instead?
  - Privatization and Competition: How does privatization create lower prices for consumers? Does privatization create monopolies for the new owners?
  - Privatization Process: How are companies chosen, valued, and sold? How are prices determined?
  - Success Stories: What are examples of successfully privatized Egyptian companies. How are they better off now?
- **Media company selected.** Solicited proposals from three Egyptian media firms to help develop a public education campaign. M-Graphic International (MGI) was selected and expected to work with the project, the PEO, and various other ministries as needed to develop print and electronic public education approaches that reach both the general public and specific target audiences most affected by privatization efforts. The project and MGI are negotiating a contract and developing draft concepts for the first two messages based on the text provided to the PEO for comment.
  - PIP continued to **work with AmCham-Egypt** in their efforts to develop an eight-series television series on privatization. The first five episodes, initially featuring interviews with Minister Khattab as well as other key figures in privatization were taped and aired during the quarter focusing on the general status of privatization in Egypt. The suggested topics for the remaining three episodes are subject to change and will include from the following: economic impact of privatization; privatization and labor; success and misfortunes of privatization; privatization with telecommunications; impact of privatization on FDI; privatization and capital market development; and the future of privatization.

### Activities planned for the next quarter – Task Three

- In conjunction with the PEO, develop and ready for implementation the first two messages within the three media types, as well as confirm reductions/discounts in broadcasting rates. This task also requires the completion of contractual requirements with MGI, which is expected by the end of Apr-2003.
- Draft the third and fourth messages and submit to the PEO for comment.
- Prepare and implement the first journalist seminar to involve the dissemination of best practices of reporting privatization taken from the experience of another country that has successfully undergone a similar privatization process.

- Explore the idea and prepare for a journalist study trip to a country that has achieved success with their privatization efforts, e.g., Morocco and/or Hungary. The purpose of the event is to expose Egyptian journalist to a professional association where they can learn how to focus on the real issues, the economic rationale, and how to share such information with their audiences.
- Draft the concept and content of privatization achievements to be distributed an In-Company Newsletter – content based on site visits scheduled for representatives from three or more companies.
- Continue working with AmCham-Egypt with its television series program on privatization to provide advice on topics and content as well as suggesting key speakers.

#### **Task Four: Monitoring and Reporting on Public Enterprises and Privatization**

PIP provided limited monitoring and reporting of privatization activities for public enterprises to include:

- Scheduled updates to the project's website ([www.egyptpip.com](http://www.egyptpip.com)) to be implemented during the second quarter. The site provides details on companies being offered through the PEO, activity reports of the program, summarized newsprint articles, and limited historical information of the privatization program.

A statistical report of the project's website, for the period Dec-1-2002 to Feb-28-2003, indicates that the site receives minimal use. During the period the site had 45,219 hits, 6,218 requests, and 909 visits, with 6.84 average number of requests per visit and an average visit duration of 5:46 minutes. Refer to deliverable for more details on the website usage.

- Redesigned the format of the quarterly privatization report combining activities reported separately as Law 203 and joint ventures into single comprehensive topic areas. Also, prepared and posted a quarterly privatization program report to its website for the period October to December 2002. A report for the next quarter is currently being finalized and should be posted by May-5-2003.
- Prepared and disseminate more the 401 summaries of articles from local newsprints (Al Ahram, Al Ahram Weekly, Al Akhbar, Al Alam Al Youm, Al Gomhorya, Al Wafd, and Benou Al Youm) that focused on privatization topics to include the MPE, PEO, HCs and its affiliates, as well as industries and sectors, such as banks and insurance companies.

#### **Activities planned for the next quarter – Task Four**

- Redesign and incorporate new format presentation concepts into the quarterly privatization program report, as needed.
- Prepare and disseminate the second quarter privatization program report for 2003.

Seek comments and solutions to increase the project's website usage on the Internet. Currently, the website is not meeting expectations with respect to the number and frequency of hits.

**SUMMARY OF ACTIVITIES BY TASK**

This table provides a summary of the activities by task during the fourth quarter and activities planned for the next quarter.

	<i>1st Qtr 2003</i>	<i>Next Qtr</i>
<b>Task One: Transaction Support</b>		
<b>1.1</b> Provide <u>specific transaction</u> assistance including: marketing/promotional assistance, advertising, international road shows, valuation assistance, data rooms, company profiles, information memoranda, prospectus, legal and bid documents – approved in advance on a case-by-case basis up to thirty transactions.	8 companies on the list and deliverables provided – refer to deliverables section  Completed and submitted Alexandria Refractories draft valuation	Request to add ten or more companies on the list and provide at least one deliverable for each company
<b>1.2</b> Provide <u>general transaction</u> support: prepare quick diagnostics, financial analyses, and sector studies on the remaining public enterprises to identify strategic privatization opportunities - at varying levels of analysis, ranging from calculation of basic financial and operational ratios to more in-depth examination of the company.	Prepared feasibility analyses of 8 companies slated for privatization-by-capitalization and discussed results of each with the PEO	Assist PEO and HCs to enhance the flexibility in offering these companies as privatization candidates and ensuring timely determinations of relevant reserve prices
<b>1.3</b> Provide <u>general transaction</u> support: advise on, guidance, and limited training to the PEO, HCs, and JV shareholders on how to develop tenders, fact sheets, company profiles, information memoranda, data rooms, valuations, and bid documents.	Provided support to HCs, affiliates, and the PEO on reserve pricing – refer to deliverables  Assisting in developing input to Access data base program	Continue to provide informal training to HC and affiliates, in particular assist JV owners to set reserve prices  Select and retain subcontractor to train PEO staff
<b>1.4</b> Provide <u>general transaction</u> support: advisory assistance to the PEO, HCs, and JV shareholders to help them procure the services of investment promoters on a fee basis - develop guidelines before the end of 2002 for selecting and hiring investment promoters, review promotional plans, and monitor progress.	Assisted HCs/PEO to select IPs for eight Law 203 companies identified for privatization  7 IPs retained by quarter end  Obtained legal basis for publication of reserve prices	Close eighth IP retainer agreements for company to be privatized using capitalization method  One informal offer received for privatization by capitalization  At least one reserve price announced in tender document
<b>1.5</b> Provide non-transaction-specific promotional support (marketing campaigns and road shows) that advances the general goals of the privatization program or specific sectors, especially as they support the individual activities of investment promoters working on specific transactions - also, provide a list of possible international, regional, and local investors for all cases in which an investment promoter has been retained.	Met with Alexandria Businessmen's Association  Marketing campaigns in Gulf and in Egypt postponed because of conflict in Iraq  Discussed and drafted plan for road-show in Gulf during next quarter  Agreed on agenda for presentation to Egyptian Businessmen's Association	Road-show scheduled for June in the Gulf along with the IPs, PEO, and MPE    Send advance party to arrange Gulf road show and hold road show by July 31   EBA meeting on May 12
<b>1.6</b> Provide <u>general transaction</u> support: monitor the strategic importance and sectoral impact of transactions, particularly the size and the role of a public enterprise to be privatized, and the impact of privatization on the sector.	Reviewed data collected in previous quarter on public enterprise companies. Based on the results, need to verify data for accuracy and completeness; >20%	Complete draft report on analysis of Law 203 and JV companies by sector



	<i>1st Qtr 2003</i>	<i>Next Qtr</i>
	data missing or not correct.	
<b>1.7</b> Provide <u>general transaction</u> support: track/report all Law 203 and JV privatization pipeline activity as measured by the number of tenders and offers, bidders purchasing bid documents and conducting due diligence, and bids received.	On-going	Continue to monitor
<b>Task Two: General Policy and Advisory Assistance</b>		
<b>2.1</b> Examine the legal, financial, and economic feasibility of recapitalizing companies through capital increases offered to the private sector – alternative options that consider the total value of a proposed privatization transaction, such as explicitly valuing the investment plan of bidders in lieu of strictly cash bids, should also be considered.	Examined feasibility and obtained PEO buy-in on flexible approach to pricing and offer structure of 8 companies designated for privatization-by-capitalization	Obtain at least one offer for a company designated for privatization-by-capitalization  Use similar analysis to select follow-on candidates  Help to assure that reserve prices for outright sale of these companies' shares are developed
<b>2.2</b> Investigate the feasibility of separating privatization decision-making authority from the operating management of the public enterprises and JVs.	Helped carry out recommendations for hiring investment promoters sought to increase role of PEO in decision-making.  Identified areas of valuation approval that provide significant flexibility to PEO and HC owners in pricing companies selected for capitalization	Refinements to re-capitalization concept  Policy paper to identify issues and recommend solutions
<b>2.3</b> Propose and advocate strategies to compensate private sector investment promoters, paying particular attention to the different ways that retainer and success fees could be financed.	HCs retained 7 investment promoters  Participated at request of PEO in the selection of investment promoters  Prepared critique of draft contract proposed by PEO to IP's.	Retain eighth investment promoter  Based on PEO's observation that the process used for retaining the first eight investment promoters should be improved, assist PEO in improving the package and process.
<b>2.4</b> Propose and advocate strategies to increase the incentives for owners of public enterprises to advocate and support privatization more strongly.	At request of PEO, addressed criticisms of privatization program in a paper on "predatory pricing" & competition policy.  Provided policy issues support to new public relations effort.	Incorporate policy recommendations in paper on privatization decision authorities
<b>2.5</b> Determine the significance of various international or multilateral commitments or agreements (such as WTO) on the operations of specific public enterprises and privatized companies, and use this information to assist the GOE in the development of appropriate privatization strategies.	Proposed work plan for trade specialist, declined by PEO. PEO prefers to source this task through its organization.	Consider with USAID revising this task.



	<i>1st Qtr 2003</i>	<i>Next Qtr</i>
2.6 Facilitate discussions, conduct a study, and advise the GOE on the liquidation of selected companies, while compensating fairly the employees and resolving debts in an economically and socially responsible manner, if requested.	Financial analysis relating to the eight companies chosen for "privatization by capitalization" will have direct implications for identifying companies that should be considered for liquidation.	In response to specific requests, if any.
2.7 Work with the Central Audit Agency and other appropriate GOE authorities to achieve more flexible valuation and pricing policies, and more importantly, gaining greater acceptance of the importance of attracting investment capital and management expertise.	MPE is initiating and promoting other methods of setting reserve prices, e.g. using p/e multiples.  Submitted paper on valuation and pricing	Assist PEO to develop realistic earnings multiple as basis for reserve pricing. Sell notion that reserve pricing should be minimum market, and in fact should reflect consideration of value to the seller.
<b>Task Three: PR</b>		
3.1 Design a public awareness and public relations plan to increase the level of political and popular support for privatization.	Completed 2002 4 <sup>th</sup> quarter.	Refer to 3.4 below.
3.2 Develop plan in consultation with the PEO and delivered to the GOE before the end of 2002.	Completed	Refer to 3.4 below.
3.3 Launch program in early 2003.	Program launch delayed until May-2003 due to events in the Middle East – Iraq	Rescheduled for May-2003
3.4 Obtain input and agreement on the basic approach of the plan from either the Minister of Public Enterprise, Ministerial Privatization Committee, or office of the Prime Minister.	Presented detailed workplan to the PEO and agreed to concepts for first four messages.	Develop and ready first two messages for broadcast implementation as well as draft the content of the third and fourth messages
3.5 Conduct seminars and focus groups, and dissemination of information to targeted audiences.	Held two focus groups to address the state of privatization	Prepare and implement the first journalist seminar
3.6 Conduct meetings/focus groups with key constituencies (GOE, labor groups, HCs, industry & sector representatives)	Workplan agreed by the PEO and implemented	Site visits to three or more companies as well as discussions with HC representatives
<b>Task Four: Monitoring and Reporting</b>		
4.1 Provide limited monitoring and reporting for public enterprises and privatization activities, covering primarily activities of the MPE, PEO, HCs and affiliate companies, JVs, other public enterprises, and banks and insurance companies.	Reported on HC and JV privatization activities as well as other relevant activities to include laws, transactions, economic and financial overview	Continue monitoring and reporting of privatization activities  Update report format and content, as needed
4.2 Regular (at least weekly) translation and electronic dissemination of press articles.	Summarized and disseminated more than 400 newsprint articles	Continue with process to summarize and disseminate than newsprint articles
4.3 Quarterly privatization review disseminated via email and posted on a website.	Prepared and disseminated 2002 Fourth Quarter program report on website	Prepare and disseminate 2003 First Quarter program report with changes to the reporting of transactions

**BENCHMARKS**

Progress towards the benchmarks has been active and significant steps have been taken to increase the probability of achieving, if not, exceeding all five.

<b>Benchmarks</b>	<b>To be achieved Oct 1, 2002 to Mar 31, 2003</b>	<b>Progress during period Oct 1, 2002 to Mar 31, 2003</b>
<b>Policy Benchmarks</b>		
Increased separation of privatization decision-making authority from public enterprise management. Overall, improved decision-making authority for transactions.	Identification of specific steps to make the transaction management and decision-making process easier and more successful.	Responsibility of selling more than 79 JV companies transferred to the MPE/PEO  Promoted the concept of pricing problem assets at adjusted book value on a case-by-case basis; promoted notion of setting reserve price at minimum market which was accepted by PEO
Increased acceptance by the GOE to use private sector investment promoters, especially to pay retainer fees.	At least three cases of investment promoters being retained by the GOE.	LE 2 million fund approved by Cabinet to support fees to retain IPs  Seven investment promoters selected and retained by HCs (8 by April 7, 2003)
<b>Political Support Benchmarks</b>		
Broad, high-level public relations plan, designed to increase public and political support for privatization, should be developed and delivered to the GOE.	Plan approved by the GOE, and rolled out.	Provided a high-level PR campaign, which the PEO/MPE supported to include public education and investor promotion. Rolled out.
<b>Transaction Benchmarks</b>		
Number and value of transactions, including the total value of cash, installments, investment, debt resolution, and employee considerations included in the purchase agreement should increase.	At least seven transactions with a total transaction value of at least LE 250 mn.	5 transactions closed estimated at LE 331.7 million*
Strategic importance and sectoral impact of transactions, particularly the size and the role of the public enterprise in each particular sector, and the impact of privatization on the increasing role of private enterprises in that sector.	Role of public sector in key sectors identified, calculated, and analyzed.	Analyzing data on public enterprise (Law 203 and JV) companies in 27 identified sectors

\* Estimated value of five transactions increased by LE 97.7 million as a result of obtaining more information of a previously reported Gerzira Hotel transaction. Before the update, the total would have been LE 234 million.

**DELIVERABLES**

The following deliverables were prepared and disseminated to HCs, affiliates, and the PEO.

Document	Company Name	Date	Linked Document
Company Profile	Kom Hamada Spinning	22-Jan-03	<a href="#">Kom Hamada Company Profile (Draft).doc</a>
Company Profile	Mahmoudia Spinning and Weaving	17-Mar-03	<a href="#">Mahmoudia Spinning CP .doc</a>
Company Profile	Misr Iran Spining & Weaving MIRATEX	03-Feb-03	<a href="#">Miratex update.doc</a>
Company Profile	NEEASAE	20-Jan-03	<a href="#">NEEASAE.doc</a>
Company Profile	Omar Effendi	17-Feb-03	<a href="#">Omar Effendi Company Profile FINAL per HC.doc</a>
Company Profile	Red Sea Contracting	03-Feb-03	<a href="#">Red Sea Contracting Company Profile Final2.doc</a>
Company Profile	SEMAF	31-Mar-03	<a href="#">SEMAF.doc</a>
Diagnostic Report	Alex Refractories	03-Feb-03	<a href="#">Alex.Ref.doc</a>
Diagnostic Report	Port Said National Company for Food Security	03-Feb-03	<a href="#">(Diagnostic) Port Said National Company for Food Security.doc</a>
Fact Sheet	Kom Hamada Spinning	02-Jan-03	<a href="#">Kom Hamadah - FS - .doc</a>
Fact Sheet	NEEASAE	20-Jan-03	<a href="#">NEEASAE Other FS .doc</a>
Minutes of Meetings	Alexandria for Financial Investment & Development Co. (AFID)	19-Jan-03	<a href="#">Mantawi meeting.doc</a>
Minutes of Meetings	American Chamber	26-Jan-03	<a href="#">AmCham Meeting Minutes.doc</a>
Minutes of Meetings	Japan External Trade Organization (JETRO)	20-Feb-03	<a href="#">JETRO .doc</a>
Minutes of Meetings	Marketing & Investor Outreach	03-Mar-03	<a href="#">Promoters Meetings 1st Q 03.xls</a>
Minutes of Meetings	Marketing & Investor Outreach	03-Mar-03	<a href="#">promoters table 2.xls</a>
Minutes of Meetings	P.E.O	02-Feb-03	<a href="#">Memo of meeting.doc</a>
Minutes of Meetings	Public Awareness Outreach	28-Jan-03	<a href="#">Focus Group.doc</a>
Minutes of Meetings	Public Awareness Outreach	29-Jan-03	<a href="#">Focus Group .doc</a>
Other	Abou Tartour Phosphate Project	02-Feb-03	<a href="#">Min of Ind ltr Update.doc</a>
Other	Edfina for Preserved Food	27-Jan-03	<a href="#">TIIA-Food HC .doc</a>
Other	Engineering HC	15-Jan-03	<a href="#">Translation of questions for Engineering HC</a>
Other	Marketing & Investor Outreach	20-Jan-03	<a href="#">CHOSING INVESTMENT PROMOTERS.doc</a>
Other	Marketing & Investor Outreach	23-Feb-03	<a href="#">Investment Promoters.xls</a>
Other	Marketing & Investor Outreach	26-Feb-03	<a href="#">Promoters Proposal valuation.doc</a>
Other	Marketing & Investor Outreach	26-Feb-03	<a href="#">Investment Promoters .xls</a>

Document	Company Name	Date	Linked Document
Other	Misr Iran Spining & Weaving MIRATEX	15-Jan-03	<a href="#">Miratex Questions other.doc</a>
Other	Misr Iran Spining & Weaving MIRATEX	31-Mar-03	<a href="#">The steps of preparing Miratex for privatization.doc</a>
Other	NEEASAE	04-Feb-03	<a href="#">Questions list .doc</a>
Other	NEEASAE	17-Feb-03	<a href="#">Letter9 .doc</a>
Other	Others	15-Jan-03	<a href="#">Predatory pricing paper.doc</a>
Other	Others	28-Mar-03	<a href="#">33JVs PIP role.doc</a>
Other	P.E.O	04-Feb-03	<a href="#">Memo of meeting .doc</a>
Other	P.E.O	05-Mar-03	<a href="#">Agenda proposed.doc</a>
Other	P.E.O	06-Feb-03	<a href="#">Proposed Agenda.doc</a>
Other	P.E.O	09-Mar-03	<a href="#">PEO letter the offer.doc</a>
Other	P.E.O	10-Mar-03	<a href="#">PEO letter IP Selections.doc</a>
Other	P.E.O	10-Mar-03	<a href="#">PEO letter Hassenein Profiles .doc</a>
Other	P.E.O	12-Jan-03	<a href="#">Proposed Agenda.doc</a>
Other	P.E.O	12-Mar-03	<a href="#">Agenda proposed.doc</a>
Other	P.E.O	19-Feb-03	<a href="#">Agenda proposed.doc</a>
Other	P.E.O	19-Mar-03	<a href="#">Agenda proposed.doc</a>
Other	P.E.O	21-Jan-03	<a href="#">PEO Agenda.doc</a>
Other	P.E.O	23-Feb-03	<a href="#">Memo of meeting.doc</a>
Other	P.E.O	25-Mar-03	<a href="#">Agenda proposed .doc</a>
Other	PIP	28-Jan-03	<a href="#">Management Procedures.doc</a>
Other	Port Said Containers	17-Feb-03	<a href="#">Port Said Containers Financial Data.doc</a>
Other	Port Said National Company for Food Security	03-Feb-03	<a href="#">(Financial) Port Said National Company for Food Security.xls</a>
Other	Public Awareness Outreach	28-Jan-03	<a href="#">Management Procedures.doc</a>
Other	Red Sea Contracting	03-Feb-03	<a href="#">Red Sea Financials.xls</a>
Policy Memorandum	Others	03-Jan-03	<a href="#">Valuation &amp; pricing Ex Sum.doc</a>
Policy Memorandum	Others	08-Jan-03	<a href="#">Project Sales by date - Reporting.doc</a>
Pre-diagnostic Report	Kom Hamada Spinning	09-Jan-03	<a href="#">Kom Hamada spreading - Cap -.xls</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	10-Mar-03	<a href="#">AmCham Potential Opportunities.doc</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	28-Jan-03	<a href="#">Focus Group .doc</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	05-Feb-03	<a href="#">anpeopresenationFinal.PPT</a>

Document	Company Name	Date	Linked Document
Public Awareness & Investment Outreach	Public Awareness Outreach	06-Feb-03	<a href="#">PIPTenderrevised.doc</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	28-Jan-03	<a href="#">Focus Group .doc</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	28-Jan-03	<a href="#">peo presentation minutes- .dot</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	28-Jan-03	<a href="#">Memo Presentation - PEO .doc</a>
Public Awareness & Investment Outreach	Public Awareness Outreach	29-Jan-03	<a href="#">Focus Group .doc</a>
Pre-Valuation Reports	Kom Hamada Spinning	03-Mar-03	<a href="#">Kom Hamada S &amp; W .xls</a>
Pre-Valuation Reports	SEMAF	31-Mar-03	<a href="#">SEMAF VR based on annualized interim.xls</a>
Pre-Valuation Reports	SEMAF	31-Mar-03	<a href="#">SEMAF DCF Valuation assumptions.doc</a>
<b>Summary</b>			
Company Profile	7		
Diagnostic Report	2		
Fact Sheet	2		
Information Memorandum	0		
Minutes of Meetings	10		
Other	31		
Policy Memorandum	2		
Pre-diagnostic Report	1		
Tender document	0		
Pre-Valuation Reports	3		
Public Awareness & Investment Outreach	8		
<b>Total</b>	<b>62</b>		

### BUDGET PIPELINE

A separate report provides an analysis of estimated costs accrued and billed to include a breakout of the estimated level of resources allocated to Task One – Transaction Support. This report will be communicated in a separate report, available May 8, 2003.

### TEAM MEMBERS AND THEIR RESPECTIVE TITLES AND TASKS

The following is a list of all employees and their relationship to active tasks during the quarter. The organizational chart provides an overview of the project's structure.

First Name	Last Name	Title	LT/ST/ Admin	Start date	Primarily supports
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	First Name	Last Name	Title	LT/ST/ Admin	Start date	Primarily supports
Mr.	Richard	Moss	COP	LT	10/1/2002	COP
Mr.	Monty	Palmer	Project oversight	ST	10/1/2002	Project Mgt
Mr.	Richard	Burns*	Privatization / IB Specialist	ST	10/1/2002	Project Mgt
Ms.	Tessie	San Martin*	Project oversight	ST	10/1/2002	Project Mgt
Mr.	David	Cameron*	Investment Banker	ST	1/29/2003	Task 1
Mr.	Hisham	El Adl	Privatization Specialist	LT	10/1/2002	Task 1
Mr.	Mahmoud	Soheim	Privatization Specialist	LT	10/1/2002	Task 1
Mr.	Said	Mostafa	Privatization Specialist	LT	10/1/2002	Task 1
Mr.	Sherif	Korayem	Privatization Specialist	LT	10/1/2002	Task 1
Mr.	Mohamed	Rabie	Privatization Specialist	ST	10/1/2002	Task 1
Mr.	Richard	Dangay	Privatization Specialist	ST	11/10/2002	Task 1
Mr.	Ayman	Taha	Privatization Specialist	LT	1/29/2003	Task 1
Mr.	Emad	Moursy Mohamed	Privatization Specialist	LT	10/1/2002	Task 1 & 2
Mr.	Fouad	Abdel Wahab	Privatization Specialist - Senior	LT	10/1/2002	Task 1 & 2
Ms.	Hend	Taha	Privatization Specialist	LT	10/1/2002	Task 1 & 2
Ms.	Laure	Darcy**	Privatization / IB Specialist	ST	10/1/2002	Task 1 & 2
Mr.	Mohamed	Ragui	Privatization Specialist	LT	10/1/2002	Task 1 & 2
Mr.	Bruce	MacQueen	Privatization Advisor	ST	10/15/2002	Task 2
Ms.	Hoda	Howeidy***	Public Awareness Specialist	LT	10/1/2002	Task 3
Mr.	Chris	Homan	Public Relations Specialist	ST	10/27/2002	Task 3
Ms.	Hala	Helmy	Public Relations Specialist	ST	11/21/2002	Task 3
Ms.	Dalia	Wahba	Public Awareness Specialist	ST	10/1/2002	Task 3
Ms.	Rania	Rashed**	Public Awareness Specialist	ST	1/29/2003	Task 3
Mr.	Torence	Holmes	Chief Operations Officer	LT	10/1/2002	Task 3, 4 & Mgt
Ms.	Nevine	Lotfi	Privatization Specialist	LT	10/1/2002	Task 4
Ms.	Safaa	Sabry	Database Manager	LT	10/1/2002	Task 4
Ms.	Sarah	Mubarak	Intern	LT	10/1/2002	Task 4
Mr.	Ahmed	Mohamed Adam	Driver / Messenger	Admin	10/1/2002	Operations
Mr.	Yasser	Youssry Al-Sayed	Driver / Messenger	Admin	10/1/2002	Operations
Mr.	Sayed	Abdel Gawad	Driver / Supervisor	Admin	10/1/2002	Operations
Ms.	Heba Tellah	Adel Hashish	Executive Secretary	Admin	10/1/2002	Operations
Mr.	Sherief	El-Banna	Logistics Administrator	Admin	10/1/2002	Operations
Mr.	Mohamed	Mostafa	Network (IT) administrator	Admin	10/1/2002	Operations
Mr.	Adel	Said Ahmed	Office Assistant	Admin	10/1/2002	Operations

First Name		Last Name	Title	LT/ST/ Admin	Start date	Primarily supports
Mr.	Nader	Ahmed Aly	Office Assistant	Admin	10/1/2002	Operations
Mr.	Taha	Aboul Saoud Fahmy	Office Assistant	Admin	10/1/2002	Operations
Ms.	Wessam	El-Niazy Hammad	Project Accountant	Admin	10/1/2002	Operations
Ms.	Rasha	Reda Farid	Project Administrator	Admin	10/1/2002	Operations
Mr.	Ahmed	Rashad Mohamed	Security / Office Assistant	Admin	10/1/2002	Operations
Mr.	Tarek	Mohamed Mahmoud	Security / Office Assistant	Admin	10/1/2002	Operations
<b>Additions to the PIP team scheduled for the next quarter</b>						
Ms.	Rebecca	Rishty	Chief Operations Officer – replace Torence Holmes	LT		Task 3, 4 & Mgt
Mr.	Constantin	Abarbieritei	Privatization / IB Specialist – replace Tessie San Martin	ST		Project Mgt

\* Left the firm during or after the quarter

\*\* Approved to work on project but did not bill during quarter

\*\*\* Maternity leave for most of the quarter



Ending March 31, 2003



